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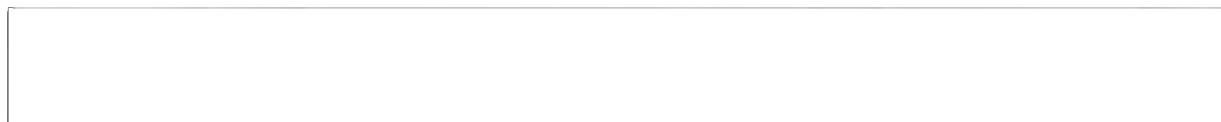
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**PANAMA**

Panamanian negotiators are optimistic that the draft of a new Panama Canal treaty will be completed this summer. In a press interview on February 7, Foreign Minister Juan Tack spoke about what the Torrijos government hopes to achieve, and asked Panamanians to focus on how much their country would gain, rather than on the compromises they would be required to make.

Tack's statement was a broad accounting of the progress that has been made since he and Secretary Kissinger agreed on a treaty framework a year ago. Throughout the interview, Tack stressed the part that a spirit of compromise by both sides, particularly by Panama, has played. He said Panama has been forced to compromise because it is faced by the reality of a 1903 treaty that gives the US the right to operate, maintain, and protect the canal in perpetuity. Thus, any change in the status quo would advance the government's fundamental objective of taking control of the canal.

Tack declared that probably the most important concession the Panamanians will need to make is to allow some US military bases to remain in their country. In his view, there is absolutely no way the US could be forced to dismantle them the day after a treaty is signed. He said Panama is prepared to grant the US a transition period to withdraw from the present Canal Zone, and to give the US the use of certain facilities and rights to operate and protect the canal during the life of a new treaty. Panama would share in these responsibilities until the pact's expiration, and would then exercise them exclusively.

In response to questions about timing, Tack said both sides were working to have a draft ready this year, but that the concentration is on substance rather than on a nonexistent deadline.



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The minister's statement is indicative of the growth of the Torrijos government's commitment to a new treaty. Torrijos and Tack are strong nationalists, and recognition of the need to compromise has not come easily to them. They now are convinced that the treaty evolving from the current negotiations is probably the best one they can get, and they are trying to sell it to the Panamanian people as a bridge from the present US control of the canal to eventual total Panamanian control.

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TURKEY-GREECE

Turkey is pushing forward with oil exploration in the Aegean Sea, despite having agreed to submit its territorial sea controversy with Greece to the International Court of Justice.

The Norwegian research ship Longva, leased by Ankara, is now operating in Turkish territorial waters. Under the terms of the contract, the ship will not conduct seismic or geophysical research in disputed areas.

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Although there is the possibility that a minor incident involving the Longva could spark a clash between units of the two countries in the Aegean Sea, tension between them has subsided.

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**National Intelligence Bulletin** February 12, 1975EC-CEMA

The first official meeting between representatives of the EC and of CEMA ended in disarray last Friday in Moscow.

The EC delegates had hoped to exchange information and identify subjects for a dialogue between the two organizations. They had in mind such topics as standardization and environmental protection and, later on, possibly statistics and energy policy.

The two delegations met for nearly 33 hours. Diplomats in Moscow from EC member-states described some of the exchanges as "very rough and prolonged." The final session ended at 3 AM last Friday with no agreement on a communiqué and with the head of the CEMA delegation dodging acceptance or rejection of the EC's invitation for a reciprocal visit to Brussels to continue the discussions.

The EC side broached the subject of possible areas of cooperation, but reportedly found the CEMA delegates poorly prepared to discuss any substantive matters. The EC's main goal, however, was to make clear that on specified subjects CEMA member-states must deal directly with the EC Commission and not with the nine EC member-states. At the same time, the Commission would recognize only limited areas as falling within the jurisdiction of CEMA.

The Soviets had looked on this meeting as a step toward Western recognition of CEMA's equality with the EC. By enhancing the status of CEMA, Moscow would hope to promote closer economic integration within the East European bloc.

The CEMA side proposed an agenda for a possible visit to Moscow by EC Commission President Ortoli, a venture that would further strengthen the Soviet bid for CEMA-EC equality. That ploy produced a pointed EC

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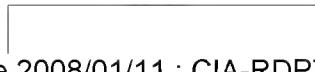
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statement that Ortoli would not make such a trip before sufficient progress on substantive matters to justify it had been made.

Despite the divergent goals and the failure of last week's meeting, CEMA is committed publicly to establish some kind of relationship with the EC, and the EC can be expected to renew its offer to explore the subject further. Soviet media already have begun to restructure the facts of the EC-CEMA dialogue in order to meet the USSR's political objectives. Izvestia on Saturday, for example, claimed that the session had been a "useful" one and that "progress was achieved in preparations for a proposed meeting of the leaders of the two organizations."



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**National Intelligence Bulletin**      **February 12, 1975****MALAGASY REPUBLIC**

Colonel Richard Ratsimandrava, who took over as head of the Malagasy government on February 5, was assassinated when his car was ambushed late yesterday. Radio Madagascar announced early today that his assassins were members of the mobile police. Martial law has been declared, and armored cars have taken up positions in the capital, Tananarive.

A successor government has been formed under General Gilles Andriamahazo, who had been minister of state in Ratsimandrava's government. Andriamahazo is not regarded as a strong political leader, and a struggle for power could ensue among Madagascar's tribally divided military and civilian leaders. Since the overthrow of the government of former president Tsiranana in 1972, Madagascar has been governed under special laws that make no provision for succession.

The peaceful transfer of power from the former head of government, General Ramanantsoa, to Ratsimandrava seven days ago failed to end completely a month of political unrest caused in part by a resurgence of differences between the coastal tribes and the Merina tribes of central Madagascar. Ratsimandrava, a Merina, gave the coastal people greater representation in the new cabinet.

This still did not satisfy the group of dissident coastal officers who last month attempted to overthrow the previous government and took refuge in a camp of the mobile police after they failed. They denounced Ratsimandrava's government and called for new elections. The officers appear to have ties with the predominantly coastal political party of former president Tsiranana.

Ratsimandrava had also faced opposition from some Merina. Their tribe dominated the previous government, and they resented the influence of coastal people in his new government.

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South Korea: A high-level South Korean defense official has informed US diplomats that Seoul is considering the purchase of only two French Exocet naval surface-to-surface missile systems instead of five. French representatives who were in Seoul to obtain a firm commitment have returned home with the revised proposal. The Korean official also indicated that plans to obtain sub-marines from the UK have been shelved because of the costs involved and that his country would now seek two from the US.

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Spain-Morocco: The Spanish warships and marines sent to Ceuta and Melilla on the north African coast over the weekend sailed out yesterday, according to press sources. This brief visit probably was a pointed reminder to Morocco of Spain's intention to retain these enclaves. Most of the ships and marines are scheduled to participate in a joint US-Spanish naval exercise starting on February 23. The exercise will include beach landings by marines from both countries at a point along the Spanish mainland almost directly across the Mediterranean from Melilla.

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